

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re)	
)	
FACTORY 2-U STORES, INC., a/k/a)	Chapter 7
FACTORY 2-U, f/a/k/a GENERAL)	
TEXTILES, INC., f/a/k/a GENERAL)	Case No. 04-10111 (PJW)
TEXTILES, f/a/k/a FAMILY BARGAIN)	
CORPORATION, f/a/k/a FAMILY)	
BARGAIN CENTER,)	
)	
Debtor.)	[RE: DOCKET NO. 3724]

**REVISED ORDER GRANTING THE FIFTH OMNIBUS OBJECTION TO CHAPTER 11
ADMINISTRATIVE EXPENSE CLAIMS (SUBSTANTIVE)**

1. The Chapter 7 Trustee filed the Fifth Omnibus Objection to Chapter 11 Administrative Expense Claims (Substantive) (the "Motion").¹
2. The Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§157 and 1334; this Motion is a core proceeding under 28 U.S.C. §157(b)(2).
3. Proper notice of the Motion has been provided by the Trustee. Each holder of a Disputed Claim set forth on Exhibits A through D attached hereto was properly and timely served with a copy of the Objection, the Proposed Order and accompanying Exhibits and the Notice of the response deadline thereto, and no further notice of the Objection need be provided.
4. The Motion is GRANTED. Any objection not made to the Motion is waived. Any objection made to the Motion is overruled with prejudice.
5. The relief requested in the Motion is in the best interests of the Estates and its creditors.

¹ Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

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6. The Incorrectly Classified Claims identified on the attached Exhibit A are hereby reclassified to the classification stated in the column titled "Modified Classification Status."

7. The Disputed Claims Amounts identified on the attached Exhibit B are hereby reduced to the amount stated in the column titled "Modified Claim Amount."

8. The No Liability Claims identified on the attached Exhibit C are disallowed and expunged in their entirety.

9. The Insufficient Documentation Claim identified on the attached Exhibit D is disallowed and expunged in its entirety.

10. The Trustee's rights to raise other objections to the Remaining Claims on any and all grounds permitted by law and or equity are preserved.

11. Each of the Disputed Claims and the objections by the Trustee as asserted in the Motion and as set forth on Exhibits A through D attached hereto constitutes a separate contested matter as contemplated by Fed. R. Bankr. P. 9014. This Revised Order shall be deemed a separate Order with respect to each Disputed Claim. Any stay of this Revised Order pending appeal by any of the claimants whose claims are subject to this Revised Order shall only apply to the contested matter which involves such claimant and shall not act to stay the applicability and/or finality of this Revised Order with respect to the other contested matters covered hereby.

12. The Delaware Claims Agency is directed to take all appropriate steps to revise the DCA Register in this case to reflect the terms this Revised Order. The Bankruptcy Court Clerk's Office is directed to take all appropriate steps to revise the Court Register in this case to reflect the terms of this Revised Order.

13. This Court shall retain jurisdiction with respect to any matter related to or arising from the implementation or interpretation of this Revised Order.

Dated: ¹³February 8, 2008



The Honorable Peter J. Walsh
United States Bankruptcy Court Judge

**Exhibit A: Incorrect Classification
In re Factory 2-U Stores, Inc., Case NO. 04-10111 (PJM)**

Name of Claimant	Claim Number	Claim Amount	Claim Classification Status	Modified Classification Status	Reason for Reclassification [Also see Pages 4-7 of the 5th Omnibus Objection for additional analysis pertinent to the stated grounds of the Trustee's objection to such claim.]
AMROC Investments LLC as assignee of Springs Industries, Inc. 535 Madison Avenue, 15th Floor New York, NY 10022	POC 100	\$152,477.57	Secured/ Reclamation Claim: \$28,800.00 Unsecured Pre- Petition Non- Priority: \$123,677.57	Administrative Priority Reclamation Claim: \$5,760.00 Unsecured Pre- Petition Non- Priority: \$146,717.57	The portion of POC 100 asserting a secured/reclamation claim in the amount of \$28,800.00 must be reclassified in part because it made an Untimely Reclamation Demand and for Non-Compliance with Reclamation Claims Procedures.
Carry's Company (Div. of 279783 Canada Inc.) Attn: Harold Schiff, 5782 Royalmount Ave. Montreal, Quebec, Canada H4P 1K5 Tel: 514-738-4559 Fax: 514-733-4726	Docket No. 932	\$17,280.00			By agreement of the parties, the hearing on this matter has been continued to the Court's March 6, 2008 at 2:30 p.m. hearing date.
City of Pico Rivera - Water P. O. Box 1142 Pico Rivera, CA 90660-1142	POC 293	\$155.34	Priority	Unsecured Non- Priority	Claimant alleges priority status. Services were provided pre-petition, thus, claim is not entitled to any priority status.
Coface North America Inc. as agent for Powernax Battery USA, Inc. Attn: David Miller P. O. Box 2102 Cranbury, NJ 08512	POC 808	\$66,513.60	Chapter 11 Administrative Priority	Unsecured Pre- Petition Non- Priority	Untimely Reclamation Demand. In addition, claimant agreed with chapter 11 counsel to the Debtor that such reclamation claim would be reclassified as an unsecured pre-petition non-priority claim in its entirety.

**Exhibit A: Incorrect Classification
In re Factory 2-U Stores, Inc., Case NO. 04-10114 (PJW)**

Name of Claimant	Claim Number	Claim Amount	Claim Classification Status	Modified Classification Status	Reason for Reclassification [Also see Pages 4-7 of the 5th Omnibus Objection for additional analysis pertinent to the stated grounds of the Trustee's objection to such claim.]
<p>Dan River Inc. P.O. Box 261 Danville, VA 24543 and Anusia L. Gayer, Esq. Lowenstein Sandler PC 1251 Avenue of the Americas New York, New York 10020 Telephone: (212) 262-6700 Fax: (212) 262-7402</p>	POC 560	\$22,170.80	<p>Secured: \$8,714.00 Unsecured: \$22,170.80 Priority: \$13,456.80</p>	<p>Unsecured Pre-Petition Non-Priority: \$8,714.00 Chapter 11 Administrative Expense Priority: \$13,456.80</p>	<p>The Bankruptcy Court Claims Register for POC 560 recorded the incorrect total amount and the asserted priority status for the individual components of POC 560. Through this 5th Omnibus Objection the Trustee seeks to fix the asserted priority for the unsecured non-priority portion of the claim and to fix the asserted reclamation claim portion of the claim as a Chapter 11 Administrative Expense Priority.</p>
<p>Dept of Water & Power City of Big Bear Lake P.O. Box 1929 Big Bear Lake, CA 92315-1929</p>	POC 300	\$162.76	Priority	Unsecured Pre-Petition Non-Priority	<p>Claimant alleges priority status pursuant to Section 507(a)(6). Claim is for services provided pre-petition, thus, claim is not entitled to priority status pursuant to Section 507(a)(6).</p>
<p>East Bay Municipal Utility District Payment Center Oakland, CA 94679</p>	POC 419	\$51.42	Priority	Unsecured Non-Priority	<p>Claim is for services provided prior to the petition date not entitled to priority treatment.</p>
<p>Levin & Schneider Inc. dba L&S Distrib 15605 Heron Avenue La Mirada, CA 90638 and Richard H. Caplan, Esq. 8350 Wilshire Blvd # 200 Beverly Hills, CA 90211-2327</p>	Docket No. 972	\$132,675.80	Administrative Priority Reclamation Claim	Unsecured Pre-Petition Non-Priority	<p>Ultimate Reclamation Demand. The Debtor objected to entire amount of claimant's reclamation claim as not timely asserted. Claimant filed an objection to such treatment, but did not specify the basis or provide any additional information in support of its claim. Claimant also did not file a proof of claim for its reclamation claim. The claimants objection at DN 972 remained unresolved on the docket.</p>

**Exhibit A: Incorrect Classification
In re Factory 2-U Stores, Inc., Case NO. 04-10111 (PJW)**

Name of Claimant	Claim Number	Claim Amount:	Claim Classification Status	Modified Classification Status	Reason for Reclassification [Also see Pages 4-7 of the 5th Omnibus Objection for additional analysis pertinent to the stated grounds of the Trustee's objection to such claim.]
Matlie & Company Inc. David A. Mathews, Esq. Shumaker, Loop & Kendrick, LLP 128 South Tryon St., Suite 1800 Charlotte, NC 28202	POC 815	\$123,884.00	Secured	Pre-Petition Unsecured Non- Priority	Claimant agreed to reclassification of claim as modified herein.
Milberg Factors Inc. c/o Amrice Investments, LLC 535 Madison Avenue, 15th Floor New York, NY 10022 and Milberg Factors, Inc. Attn: Stephen R. Murphy 99 Park Avenue New York, NY 10016	POC 197	\$249,958.70	Chapter 11 Administrative Priority: \$53,046.75 Unsecured Pre- Petition Non- Priority: \$196,911.95	Chapter 11 Administrative Priority: \$48,006.75 Unsecured Pre- Petition Non- Priority: \$201,951.95	The portion of POC 197 asserting an administrative expense priority in the amount of \$5,040.00 for the Madison Industries invoice no. 323055 must be reclassified because claimant made an Untimely Reclamation Demand and for Non-Compliance with Reclamation Claims Procedures.
Prestige Global Industries, Ltd c/o RH Capital Associates, LLC 201 Route 17, Suite 300 Rutherford, NJ 07070 and RH Capital Associates, LLC c/o Hain Capital Group, LLC 201 Route 17, Suite 300 Rutherford, NJ 07070 attn: Gina Liberchuk	POC 578	\$829,570.40	Secured and/or Reclamation Claim	Pre-Petition Unsecured Non- Priority	Untimely Reclamation Demand and Non-Compliance with Reclamation Claims Procedures. Reclamation demand letter was for goods that were delivered to the Debtor outside the time periods set forth in Section 548(c).

**Exhibit A: Incorrect Classification
In re Factory 2-U Stores, Inc., Case NO. 04-10111 (PJW)**

Name of Claimant	Claim Number	Claim Amount	Claim Classification Status	Modified Classification Status	Reason for Reclassification [Also see Pages 4-7 of the 5th Omnibus Objection for additional analysis pertinent to the stated grounds of the Trustee's objection to such claim.]
Southeast Textile Corp Attn: Christine Myatt PO Box 4043 Greensboro, NC 27404-4043	POC 649	\$36,234.00	Unsecured Pre-Petition Non-Priority; Secured: \$36,234.00 Administrative Priority Reclamation Claim: Amount Unknown	Unsecured Pre-Petition Non-Priority; \$36,234.00	POC 649 asserts a secured and unsecured priority claim. In addition, a notation on the face of the proof of claim states: "portion of claim may be entitled to priority as reclamation claim." POC 649 does not contain any evidence of the alleged secured status of the claim, nor does the claim contain any evidence of whether or not the claim is entitled to priority as a reclamation claim. In addition, the attachments to the claim show that the claimant did not make a timely reclamation claim. Thus, the total amount of POC 649 must be reclassified as an unsecured pre-petition non-priority claim.
Spooniques, Inc. c/o Michael Joyce, Esq. Loizides & Associates 1225 King Street, # 800 Wilmington, DE 19801	DCA 125				Objection withdrawn 1/31/2008. DN 3757.

Exhibit B: Claims with Disputed Claim Amounts
In re Factory 2-U Stores, Inc., Case No. 04-10111 (PJM)

Name of Claimant	Claim Number	Claim Amount	Modified Claim Amount	Reason for Modification [Also see Page 7 of the 5th Omnibus Objection for additional analysis pertinent to the stated grounds of the Trustee's objection to such claim.]
Josephine County Tax Collector County Courthouse, Room 70 500 NW 5th Street Grants Pass, OR 97526-2063	POC 688	\$2,955.68	\$1,247.48	Debtor's records show tax amount owed for such claim is \$1,247.48.
Mallie & Company, Inc. David A. Mathews, Esq. Shumaker, Loop & Kendrick, LLP 128 South Tryon St., Suite 1800 Charlotte, NC 28202	POC 815	\$123,864.00	\$24,752.00	Claimant agreed to reduction of claim amount as modified herein.
Spooniques, Inc. c/o Michael Joyce, Esq. Lozides & Associates 1225 King Street, # 800 Wilmington, DE 19801	DCA 125			Objection withdrawn 1/31/2008, DN 3757.

* POC means the proof of claim filed on the Court Register. DCA means the claims filed on the Delaware Claims Agency claims register.

Exhibit C: Claims to Expunge - No Liability
In re Factory 2-U Stores, Inc., Case NO. 04-10111 (PUW)

Name of Claimant	Claim/ Docket Number	Claim Amount	Reason for Disallowance [Also see Page 8 of the 5th Omnibus Objection for additional analysis pertinent to the stated grounds of the Trustee's objection to such claim.]
Grays Harbor County Grays Harbor County Treasurer P.O. Box 831 Montesano, WA 98563	DCA 10	\$1,282.74	Claim based upon estimated property tax for tax year 2005. Estimated tax for Store No. 389 - Aberdeen which closed 03/08/04, thus, no accrual for tax year 2005.
Kitsap County Treasurer PO Box 169 Port Orchard, WA 98366			Objection withdrawn 1/31/2009, DM 3756.
Prestige Global Industries Ltd. c/o RH Capital Associates, LLC 201 Route 17, Suite 300 Rutherford, NJ 07070 and RH Capital Associates, LLC c/o Hain Capital Group, LLC 201 Route 17, Suite 300 Rutherford, NJ 07070 attn: Gina Liberchuk	POC 578	\$829,570.40	The Estate has no liability for the claim asserted in POC 578 because the claimant waived all claims against the Estate pursuant to the Settlement Agreement resolving Adv. Pro. No. 05-53229 (KJC) and approved by the court on 02-23-07 at DM 3401.
Riverside County Treasurer-Tax Collector Paul McDonnell P.O. Box 12005 Riverside, CA 92502-2205	DCA 40	\$10,370.79	Estimated Property Tax lien attached in 2005 based upon accrual in 2004. Debtor's records show no liability on this claim. In addition, all property of the Debtor disposed of prior to the dates the liens are alleged to have attached to such property.

* POC means the proof of claim filed on the Court Register. DCA means the claims filed on the Delaware Claims Agency claims register.

**Exhibit D: Insufficient Documentation
 re Factory 2-U Stores, Inc., Case NO. 04-10111 (PJW)**

Name of Claimant	Claim Number	Claim Amount	Reason for Disallowance
Illinois Department of Employment Security Attn: Bankruptcy Unit - 10th Floor 33 S. State Street Chicago, IL 60603-2802	POC 1332	\$1,195.08	[Also see Pages 9-10 of the 5th Omnibus Objection for additional analysis pertinent to the stated grounds of the Trustee's objection to such claim.] Claimant did not attach any documentation in support of claim. The only attachment was a copy of a proof of claim duplicating another claim filed by claimant.
* POC means the proof of claim filed on the Court Register.			